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**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Application Number: 10/825,971
Filing Date: April 16, 2004
Appellant(s): VANFLEET ET AL.

Patrick M. Boucher
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed on 01/05/2006 appealing from the Office action
mailed on 5/24/5005.

(2) Related Appeals and Interferences

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

(3) Status of Claims

The statement of the status of claims contained in the brief is correct.

(4) Status of Amendments After Final

No amendment after final has been filed.

(5) Summary of Claimed Subject Matter

The summary of claimed subject matter contained in the brief is correct.

(6) Grounds of Rejection to be Reviewed on Appeal

The appellant's statement of the grounds of rejection to be reviewed on appeal is correct.

(7) Claims Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) Evidence Relied Upon

6,609,113	O'Leary et al	08-2003
US 2001/0054003	Chein et al	01-2001

(9) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

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1. Claims 1-7, 9, 14-23, and 25 are rejected under 35 U.S.C. 102(e) as being anticipated by O'Leary et al. (U.S. 6,609,113).

As per claims 1-7, 9, 14-23, and 25, O'Leary et al. discloses a method and system for processing Internet payments, comprising of the following steps:

- The user logs into the Payment Portal Processor (PPP), using secure and encrypted information to protect the confidentiality of any financial information associated with the operation of the portal (column 9, lines 49-52). It is well known in the art that encryption is based on a key that is essential to decrypt the information to its original form – *Claim 9*
- The user's encrypted login information to the portal includes a user ID and password (credentials) (column 15, lines 36-37). Once the buyer is ready to make a transaction, the merchant transmits the transaction related information such as transaction ID and dollar amount of the transaction to the system (column 16, lines 1-5) – *Claim 1*
- The portal determines the balance whether or not the buyer has sufficient funds in his/her primary account with a bank (column 16, lines 20-25). It is well understood in the art that prior to checking the balance, the customer had to previously established an account with a bank, using credential information - *Claim 1*
- The portal generates a payment authorization message to the buyer's bank for confirmation/approval (column 16, lines 29-30) - *Claims 1 and 6*
- Upon receipt of the payment authorization from the portal, the bank debits the buyer's account in the amount of the authorized payment (column 17, lines 11-13). The portal also sends payment confirmation/approval to the merchant in accordance with the confirmation it receives from the buyer's bank (column 16, lines 53-55) – *Claim 2*

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- Before the system performs an Electronic Funds Transfer related to a particular transaction, the system authenticates certain predetermined parameters (risk analysis) such as encrypted PIN and mother's maiden name of the buyer (column 17, lines 3-7). Once these parameters are reconciled, an approval or EFT message is sent to the merchant. The EFT message is essentially a guarantee of payment (column 17, lines 23-25) - *Claim 3*
- The Electronic Fund Transfer (EFT) is realized via an Automatic Clearing House (ACH) (column 30, line 4) – *Claim 4*
- The portal can be linked to a debit system such as Demand Deposit Account (Column 11, lines 44-45 – *Claim 5*
- The system accesses the buyer's bank funds, using standard authentication procedures (e.g., PIN) (column 5, lines 54-55). It is also well known in the art that when establishing a bank account, the financial institution provides a PIN and account number. Therefore, in addition to the PIN, standard authentication procedures can also include a primary account number – *Claim 7*
- The buyer uses a communication device to access the Internet such as a personal computer loaded with browser i.e. Netscape or Internet Explorer (column 8, lines 63-67). It is well known in the art that a computer consists of a microprocessor, a hard drive (storage device), RAM and disk drives. It is also well known in the art that the microprocessor interprets and executes instructions – *Claim 14*
 - These instructions may include:

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- Receiving the user's encrypted login information to the portal includes user ID and password (credentials) (column 15, lines 36-37)
- Receiving transaction information such as transaction ID and dollar amount of the transaction (column 16, lines 1-5)
- Determining whether or not the buyer has sufficient funds in his/her primary account with a bank (column 16, lines 20-25)
- Generating a payment authorization message to the buyer's bank for confirmation (column 16, lines 29-30)
- Debiting the buyer's account in the amount of the authorized payment (column 17, lines 11-13) – *Claim 15*
- Sending payment confirmation (approval) to the merchant in accordance with the confirmation it receives from the buyer's bank (column 16, lines 53-55) – *Claim 15*
- Performing risk analysis by authenticating certain predetermined parameters (risk analysis) such as encrypted PIN and mother's maiden of the buyer (column 17, lines 3-7).
Once these parameters are reconciled an approval or EFT message is sent to the merchant. The EFT message is essentially a guarantee of payment (column 17, lines 23-25) - *Claim 16*
- Receiving the user's encrypted login information, which includes user ID and password (credentials) (column 15, lines 36-37).
- Transmitting information such as Merchant ID and Merchant BIN (column 16, lines 1-5) – *Claim 17*

- Providing a list of approved merchants to the buyer (column 15, line 48). In order to effectuate the EFT, the portal requires certain information from the merchant, such as bank identification number (risk analysis) (column 11, lines 33-34). Before the system performs an Electronic Transfer for Funds (EFT) related to a particular transaction, the system must authenticate certain predetermined parameters (risk analysis) such as encrypted PIN and mother's maiden of the buyer (column 17, lines 3-7). Once these parameters are established, the transaction is automatically authenticated and authorization messages are sent to the merchant. It should be noted that the portal, the user's bank and the merchant's bank realize the authentication process (column 17, lines 20-23). The authorization message is essentially a guarantee of payment from the buyer's bank (column 17, lines 23-25) – *Claims 17-19 and 22*
- Transmitting Electronic Fund Transfer (EFT) via an Automatic Clearing House (ACH) (column 30, line 4) – *Claim 20*
- Transmitting funds over a debit system such as Demand Deposit Account (Column 11, lines 44-45 – *Claim 21*
- Accessing the buyer's bank funds, using standard authentication procedures (e.g., PIN) (column 5, lines 54-55). It is also well known in the art that when establishing a bank account, the financial institution provides a PIN and account number. Therefore, in addition to PIN, standard authentication procedures can also include account number – *Claim 23*
- Processing secure and encrypted login information to protect the confidentiality of any financial information associated with the operation of the portal (column 9, lines 49-52).

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It is well known in the art that encryption is based on a key that is essential to decryption the information to its original form – *Claim 25*

Claim Rejections - 35 USC § 103

2. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

3. Claims 8, 10-13 and 24 are rejected under 35 U.S.C. 103(a) as being unpatentable over O’Leary et al. (U.S 6,609,113) in view of Chien et al. (Pub No: U.S 2001/0054003).

As per claims 8, 10-13 and 24, O’Leary et al. discloses a method and system for processing Internet payments, comprising of the following steps:

- The user’s login information to the Payment Portal Processor (PPP) is secure and encrypted to protect the confidentiality of any financial information associated with the operation of the portal (column 9, lines 49-52). It is well known in the art that encryption is based on a key that is essential to decryption the information to its original form
- The user’s encrypted login information to the portal includes user ID and password (credentials) (column 15, lines 36-37). Once a purchase is ready to be made, the merchant transmits to the system transaction information such as transaction ID and dollar amount of the transaction (column 16, lines 1-5) The portal determines the balance

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whether or not the buyer has sufficient funds in his/her primary account with a bank (column 16, lines 20-25).

- The portal generates a payment authorization message to the buyer's bank for confirmation (column 16, lines 29-30)
- The user's encrypted login information to the portal includes user ID and password (credentials) (column 15, lines 36-37). Once a purchase is ready to be made, the merchant transmits to the system information such as Merchant ID and Merchant BIN (column 16, lines 1-5)
- The portal can provide a list of approved merchants to the buyer (column 15, line 48). In order to effectuate the EFT, the portal requires certain information from the merchant, such as bank identification number (risk analysis) (column 11, lines 33-34). Before the system performs an Electronic Transfer for Funds (EFT) related to a particular transaction, the system must authenticate certain predetermined parameters (risk analysis) such as encrypted PIN and mother's maiden of the buyer (column 17, lines 3-7). Once these parameters are established, the transaction is automatically authenticated and authorization messages are sent to the merchant. It should be noted that the portal, the user's bank and the merchant's bank realize the authentication process (column 17, lines 20-23). The authorization message is essentially a guarantee of payment from the buyer's bank (column 17, lines 23-25).

O'Leary et al. did not explicitly describe a system that uses a loyalty program for the customer during transactions. However, Chien et al. describes a method/system that uses loyalty

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points to facilitate transaction over the Internet (page 1, paragraph 8, lines 8-9). The system described by Chien et al. teach that, during a transaction, a buyer can convert accumulated loyalty points to some currency as a credit to the buyer's financial transaction (page 2, paragraph 10, lines 8-13). Therefore, in view of Chien et al.'s teaching, it would have been obvious for one of ordinary skill in the art at the time of the applicant's invention to employ a loyalty program during an on-line financial transaction. It would have been obvious to one of ordinary skill in the art at the time of the applicant's invention to employ a loyalty program as a marketing tool to help develop the business and to establish new clientele (page 1, paragraph 3, lines 3-5).

(10) Response to Argument

Claims 1-7, 9, 14-23, 25

Applicant argues that the prior arts fail to teach an inventive concept of buying/receiving payments online where the merchant customer and transaction information, specifying at least the cost of the transaction. The United States Patent and Trademark Office (USPTO) respectfully disagrees with applicant's characterization of the prior arts' invention of buying/receiving payments online. The appellant argues that the prior art fails to teach the aspects of a merchant sending an information packet from a merchant that includes a credential in which the user's account information can be determined from.

During patent examination the pending claims must be interpreted as broadly as their terms reasonably allow.... The reason is simply that during patent prosecution when claims can be amended, ambiguities should be recognized, scope and breadth of language explored, and clarification imposed.... An essential purpose of patent examination is to fashion claims that are precise, clear, correct, and unambiguous. Only in this way can uncertainties of claim scope

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be removed, as much as possible, during the administrative process. In re Zletz, 893 F.2d 319, 321-22, 13 USPQ2d 1320, 1322 (Fed. Cir. 1989). According to the applicant's specification, "the credentials may take different form, such as a userid/password combination, a file stored on a personal computer or disk, and the like" (page 10, par. 26). Credential, interpreted broadly in light of the specification, is an authentication/validation or confirmation mechanism that system uses to match a transaction between a buyer and a seller. According to O'Leary, during an online the system assigns both the merchant and the buyer a unique transaction ID/number (column 11, lines 4-5). During an online transaction, the merchant sends a message to user's financial institution, and message includes but is not limited to the following data: Merchant BIN; Merchant Account #; **Transaction ID**; and the Dollar Amount of the transaction (column 16, lines 2-5). The financial institution is able to **match** the received credit with a proposed purchase **using the transaction ID** that is contained in the message (column 14, lines 58-59), and if the user has elected to complete the transaction, the financial institution verifies the users account for sufficient funds (column 16, lines 18-35), **which was initiated by the matching of the transaction ID**. The transaction number for a particular transaction is included in each communication and allows for swift correlation and indexing of communication records (e.g., reconciliation) (column 11, lines 12-15) that allows the system to reconcile the billing message from the merchant with the user's financial information, in order to initiate a financial payment for services or goods.

Therefore, the transaction ID is an authentication/validation or confirmation mechanism that system uses to match a transaction between a buyer and a seller. With regard to the "push" versus "pull", O'Leary et al.'s system acts as an intermediary between merchant and buyer. The

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system provides the buyer with an opportunity to review and validate the transaction before authorizing a payment, in case the user changes his/her mind.

Claims 8, 10-13 and 24

O'Leary et al. did not explicitly describe a system that uses a loyalty program for the customer during transactions. However, Chien et al. describes a method/system that uses loyalty points to facilitate transaction over the Internet (page 1, paragraph 8, lines 8-9). The system described by Chien et al. teach that, during a transaction, a buyer can convert accumulated loyalty points to some currency as a credit to the buyer's financial transaction (page 2, paragraph 10, lines 8-13). Therefore, in view of Chien et al.'s teaching, it would have been obvious for one of ordinary skill in the art at the time of the applicant's invention to employ a loyalty program during an on-line financial transaction. It would have been obvious to one of ordinary skill in the art at the time of the applicant's invention to employ a loyalty program as a marketing tool to help develop the business and to establish new clientele (page 1, paragraph 3, lines 3-5)

(11) Related Proceeding(s) Appendix

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

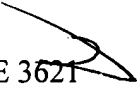
Evens Augustin


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